

An aerial, isometric-style rendering of a dense urban area, likely Midtown Manhattan. The image shows a high concentration of skyscrapers and buildings. In the center, a large, rectangular, light-colored area is highlighted, representing the Pennsylvania Station area. To the right of this highlighted area, a circular, blue-tinted structure is visible, possibly a park or a large plaza. The overall image has a soft, hazy, light blue tint.

Pennsylvania Station Area Civic and Land Use Improvement Project Project Updates

July 2022

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**Empire State
Development**

Agenda

- Update on additional changes to the GPP
- Financial framework
- Questions & Answers

Neighborhood Conditions Study:

Addendum updated the study to evaluate existing site conditions as of July 2022:

- Section D, Study Area **Public Realm Conditions**, which provides an overview of the character and urban design of the study area, concentrating on elements pertaining to the pedestrian experience.
 - Expanded outdoor dining
- Section E, **Conditions of Study Area Properties**, which provides an overview of the physical and use characteristics of the properties located within the study area.
 - Block 780, Lot 10: poor → good
 - Block 780, Lot 13: fair → good
 - Block 780, Lot 15: fair → good
 - Block 780, Lot 73: good → fair
- Section G, **Crime**, which discusses complaint data collected from the New York Police Department (NYPD) for Sections B and C of the Midtown South Precinct (14th Precinct).
 - Study area sectors have an incidence rate 1.5 times higher than other sectors in the Precinct; consistent with pre-Covid data

Project Updates

Governance:

- The City and State will form a **development corporation** to streamline the execution of the public realm improvements plan and ensure continued stakeholder representation
- Overseen by 7 Directors – 4 designated by the Governor, 3 by the Mayor
- \$50 million committed from early Project revenues for Public Realm Fund
- Based on the Public Realm Task Force's concept plan

Project Updates

Preservation

- Gimbels skybridge across 32nd Street cannot be demolished unless and until a thorough alternatives study is conducted at the time any new development is planned for Site 8 (the Manhattan Mall); must be no feasible alternative to preserving it

Social Services:

- New State investments in social services for individuals experiencing homelessness in the Penn area
- Dedicated “Safe Options Support” (SOS) team assigned to the subway system around Penn Station, 24 hours a day
- Outreach team that will engage individuals who need treatment for substance use disorders
- Exploring locations for an additional homeless drop-in center

Project Updates

Housing

Required Housing in GPP

Housing on Site 1A

- 542 Total units
 - o 50% market = 271
 - o 30% affordable = 163
 - o 20% supportive = 108

Housing on Site 4

- 630 Total units
 - o 70% market = 441
 - o 30% affordable = 189

Total *required* housing on site = 1172 (including 460 affordable and supportive)

Housing on remaining sites in GPP

- 626 on Sites 1B and 8
 - o 70% market = 438
 - o 30% affordable = 188

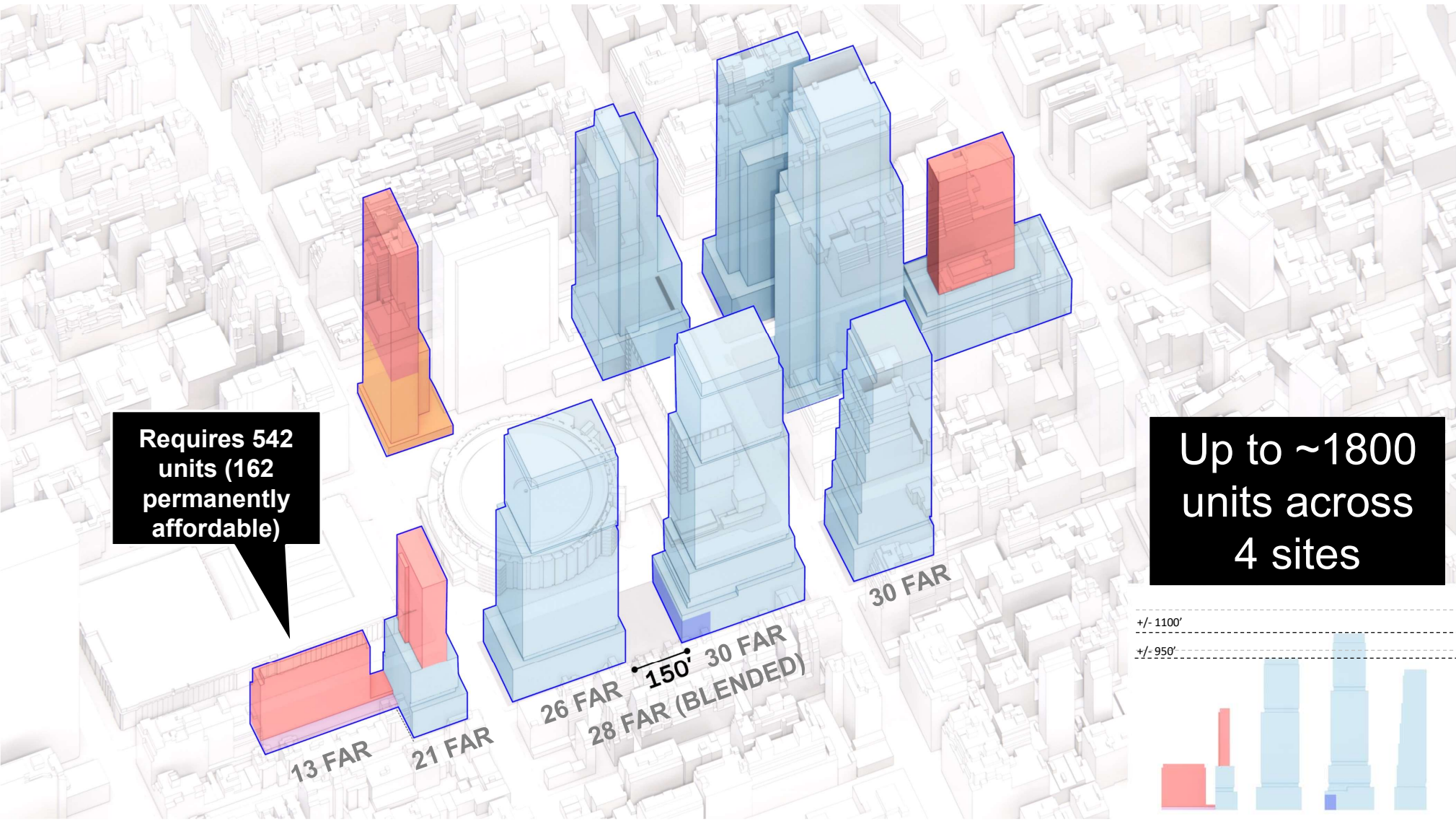
Total housing on site = 1798 (including 648 affordable and supportive)

Housing Off Site at Bayview

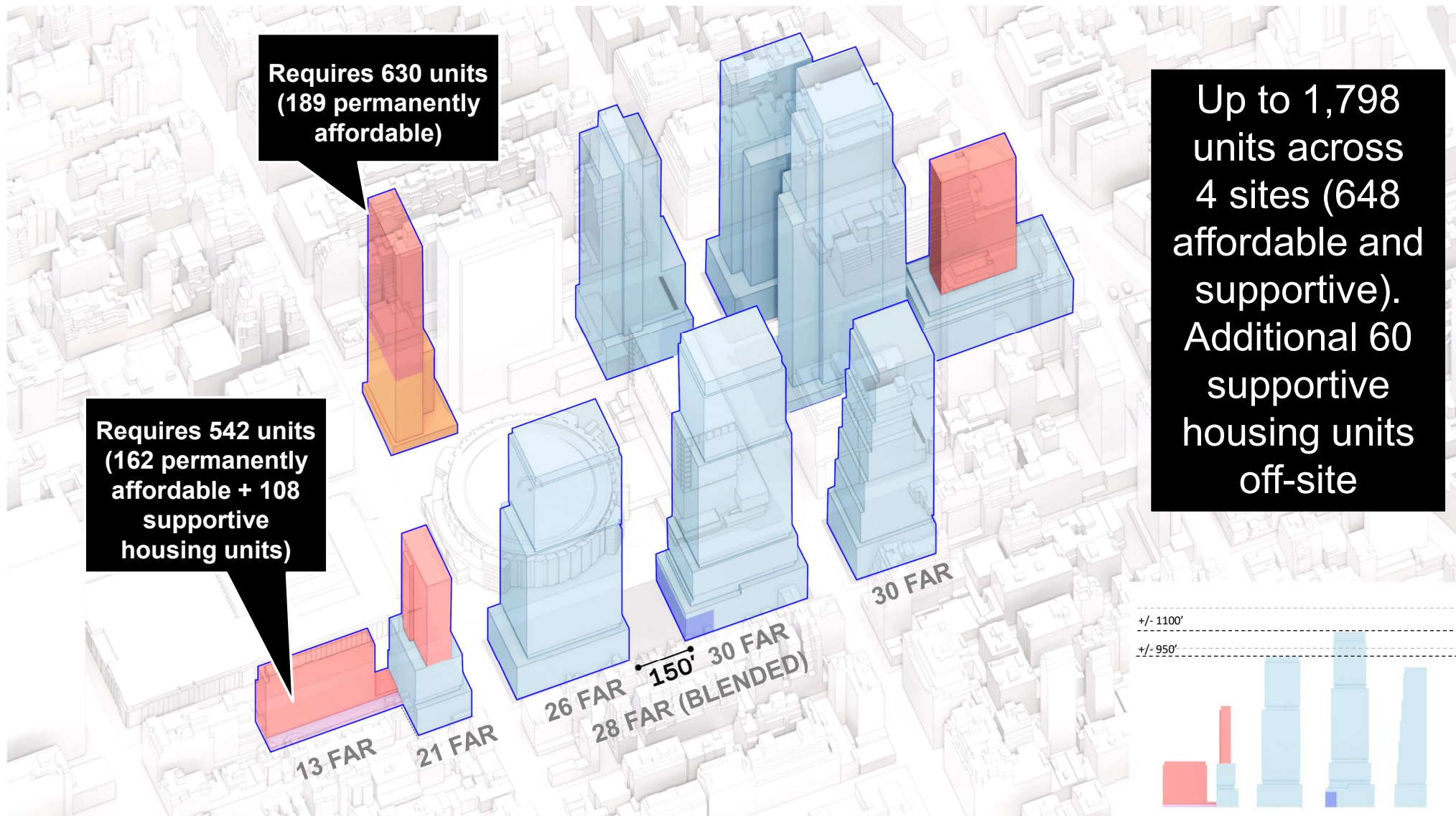
- o Supportive = 60

TOTAL PERMANENTLY AFFORDABLE AND SUPPORTIVE HOUSING ON AND OFF SITE = 708

Required Housing



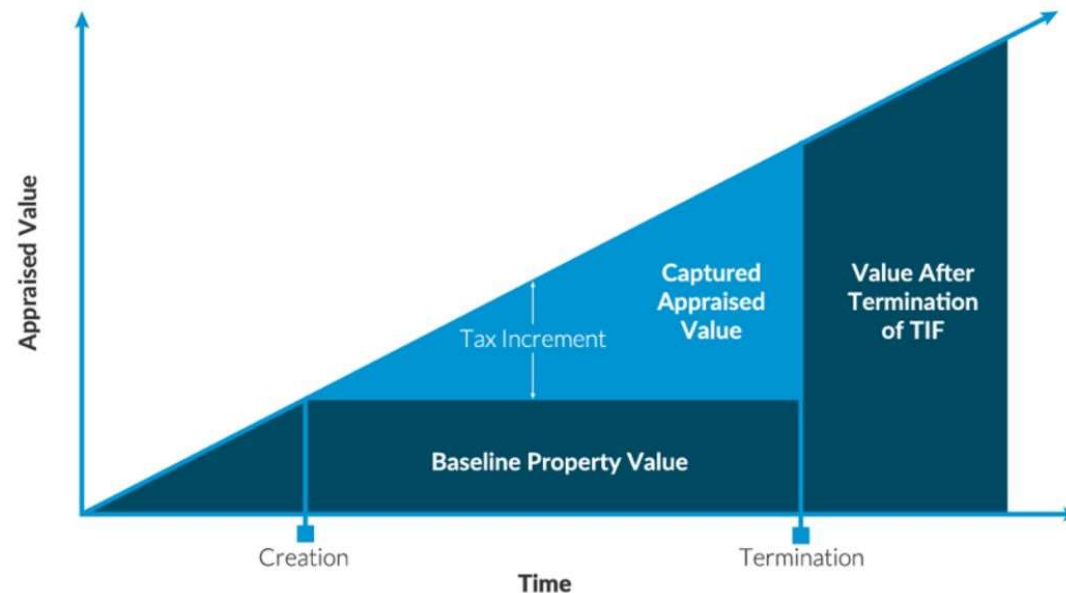
Required Housing



Financing

Value Capture Funding

- The State will sell additional development rights to private parties that will allow them to build modern, environmentally-friendly office and residential buildings
- The State will use the revenues from those private sales and the incremental tax revenues from the new buildings (known as payments-in-lieu-of-taxes or “PILOTs”) to help fund Penn reconstruction and expansion and to pay for public realm and transit improvements in the neighborhood
- The State will likely spend some of these funds directly on improvements and borrow funds against some of them to pay for the Penn projects and public improvements



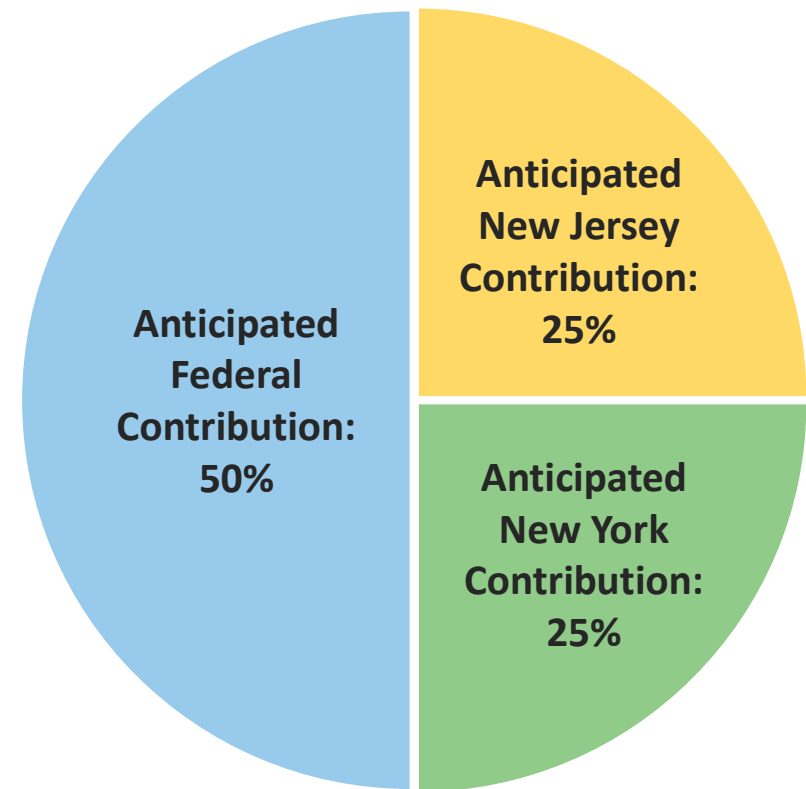
Financing

City-State Framework: Use of PILOT

The State and City have agreed that PILOT can only be used to pay for:

- 100% of the total cost of Public Realm Improvements
- 50% of the total cost of Transit Improvements
- 12.5% of the total cost of Penn Reconstruction and potential Penn Expansion

Current Projected Cost Share for Penn Reconstruction and Potential Expansion



Financing

City-State Framework: Other Key Points

- The City and State will form a development corporation to jointly oversee spending on public realm improvements, which will be determined through a participatory planning process (recently-announced Public Realm Task Force)
- The City will be made whole for current property taxes on every site, with a 3% escalation each year, so there's no loss to its tax base
- The State will receive PILOT revenues above today's tax dollars on up to nine potential development sites (not including Site 1A, which will not generate PILOT), each for a period of 40-45 years; after the period is up (or sooner, if the public projects are fully funded faster), each site goes back on the City's tax rolls

Financing

City-State Framework: Other Key Points, con't

- No more than 80 years after the first building comes off the City's tax rolls to help fund the public projects, all buildings must return to the City's tax rolls at their higher assessed values – meaning the City will ultimately reap far greater taxes from these sites than today
- No property will receive a tax abatement greater than that available in Hudson Yards at the time that each development agreement is executed
- The State will take responsibility for backing any loans or bonds to finance the public projects; the City will not be asked to provide credit support
- In any year that PILOT revenues exceed what is needed to pay for the public projects, 35% of the excess would go to paying off any outstanding loans or bonds faster – so the City would get all of the property revenues from the redeveloped properties back sooner

Next Steps

- ESD Directors meeting on Thursday, July 21st
- Public Authorities Control Board meeting on Wednesday, July 27th
- No as-of-right development can occur upon approval
 - Each site requires a development agreement between ESD and site developer before construction can commence